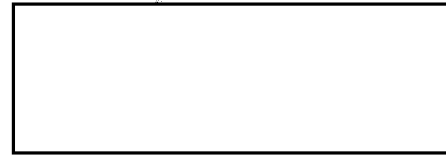


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OFFICE OF
NATIONAL ESTIMATES

MEMORANDUM

The New South Asian Stalemate

Secret

2 October 1972

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CENTRAL INTELLIGENCE AGENCY

OFFICE OF NATIONAL ESTIMATES

2 October 1972

MEMORANDUM*

SUBJECT: The New South Asian Stalemate

NOTE

Recent developments in the subcontinent, though not spectacular, are of importance for the area's future. This memorandum brings up to date the judgments of the Estimate on Pakistan of last April, and is designed as an interim assessment pending NIEs on Bangladesh (late 1972) and India (early 1973).

* This memorandum was prepared by the Office of National Estimates and discussed with other components of the CIA, who are in general agreement with its judgments.

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The July 1972 Simla Agreement seemed to resolve some of the lesser Indo-Pakistani disputes and to give hope for eventual settlement of the major ones. But events since then have clouded the picture and have led to an impasse. Bhutto's domestic political position has been weakened, and he has felt himself forced to adopt a less conciliatory, but more popular, stance towards India and Bangladesh. The Indians and the Pakistanis have so far not been able to follow through on agreements made at Simla respecting a new Kashmir Cease Fire Line and the return of their armed forces to the international frontier. The South Asian powers are also stalemated over how to bring about mutual Pakistan-Bangladesh recognition and negotiations, with the two countries obdurate in their respective demands. China's veto of Bangladesh's admission to the UN was welcomed and possibly instigated by Pakistan. This called into question Bhutto's promise at Simla to resolve all area disputes bilaterally and without recourse to support by outside powers.

Though this stalemate could continue for a considerable time, the odds appear to favor movement sooner or later leading either to a more hostile, tense situation, or to something closer to a detente. India, winner of the war and holding most of the high cards, has reacted fairly and calmly to developments so far, and has not tried to generate a crisis atmosphere. But it continues to hold 90,000 Pakistani POWs, and it is finding them both a poor bargaining chip and a growing economic and international liability. If New Delhi turns some of the POWs over to Bangladesh for trial as war criminals, it would probably so anger Pakistan as to rule out further Simlas for some time. If it returns all the POWs to Pakistan, Dacca will be gravely embittered. In any event, further negotiations between Mujib, Mrs. Gandhi, and Bhutto are likely. While it would be in the interests of all three to find ways to peace, rational self-interest has frequently been the victim of antagonism and irredentism in South Asia.

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The Simla Agreement

1. Bhutto and Mrs. Gandhi signed the Simla Agreement on 3 July 1972. Their summit meeting, preceded by postponements, was marked by disagreements, near breakdowns, and finally an accord of sorts. But important provisos of the agreement have not been carried out on schedule, and both the letter and the spirit of Simla are in danger of demise. These difficulties have not, however, led to any sharp rise in tensions in the area. Rather, they reflect internal problems of the countries. Both Pakistan and Bangladesh are experiencing serious troubles at home, and India is hardly without difficulties of its own. Overall, the atmosphere on the subcontinent remains unmartial and a sense of international crisis is absent.

2. The Simla Agreement contains a mix of ambitious but ambiguous general provisions, along with some specific but more modest ones. Modest at any rate in relation to the immediate Indo-Pakistani issues in urgent need of resolution, particularly the repatriation of over 90,000 Pakistani prisoners of war and some kind of accommodation

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on the 25-year old Kashmir dispute. Rather than addressing these major questions, the Simla accord treats some lesser ones. It provides that the two sides recognize a new Kashmir Cease Fire Line, now called at Indian insistence a "Line of Control", using positions held on 17 December 1971 (when hostilities ended). In terms of territory, the changes will not make a great deal of difference, though India will get several strategically valuable new positions, particularly some mountain passes. South of this line, the two sides agreed to return their forces to the pre-war international frontier. This would be clearly to Pakistan's advantage, as it would give up less than 100 square miles of territory and get more than 5000 back, enabling it to resettle some million or so refugees who had fled the area.

3. This specific Indian concession was matched by a quite general Pakistani one. The two powers -- besides promising to settle their disputes peacefully -- agreed to do so only on a bilateral basis. This is a point of great importance to New Delhi, since if fulfilled literally by both powers, this commitment would guarantee

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India's predominance in the area; in the future, neither India nor Pakistan would look to any outsider, be it the UN, the US, China or the USSR, for support in their rivalries. Pakistan has never been able, on its own, to pose a balance to Indian power; it had done so in the past only with assistance first from the US and then from China. But so far Pakistan's commitment to bilateralism has been less than total -- though Bhutto cannot be judged solely responsible for the chain of adverse developments which have occurred since July 3.

4. Neither Bhutto nor Mrs. Gandhi made any written promises at Simla with respect to Bangladesh, though it is reasonable to assume that they reached some kind of understanding there. At any rate, it then seemed likely that Pakistan and Bangladesh would soon establish diplomatic relations, and themselves begin negotiations on the host of issues outstanding between these two former components of a united country. According to most scenarios, recognition would have been preceded by a face-to-face meeting between Bhutto and Mujib in which the former would make one last (and knowingly futile) effort to bring the

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Bengalis back into Pakistan. With formal relations then established and face saved all around, Bhutto, Mujib, and Mrs. Gandhi would begin to hammer out final settlements on such issues as restoring diplomatic, economic, and commercial relations, return of the POWs, and settlement of territorial disputes including Kashmir.

After Simla: Bhutto vs. Mujib

5. It hasn't worked out that way -- at least not yet. The above scenario seemed to be taken pretty much for granted by both Indians and Pakistanis immediately after Simla, and Bhutto himself apparently believed he had a commitment from Mujib himself along these lines. But this understanding, if it existed, was reached in January 1972 when Bhutto released Mujib from prison and allowed him to leave the country. This was before Mujib had learned of the full extent of West Pakistan's atrocities inflicted on Bengal.

6. Since his return to Dacca, Mujib has stated publicly that he would meet Bhutto only after the latter had formally recognized Bangladesh. Though this would merely acknowledge reality, it would be seen in Pakistan

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as a humiliating loss of face. It would weaken the position of any but the most solidly entrenched leader (which Bhutto is not). This would be especially so were Mujib then to try several hundred Pakistanis now in Indian POW camps for war crimes. Though many of them probably richly deserve punishment, this view is not accepted in Pakistan. Such trials would set off very strong reactions there and could seriously, perhaps fatally threaten any hope of area-wide detente. Perhaps Bhutto was led to believe that Mrs. Gandhi would use her substantial influence on Mujib to bring a moderation of his stance. (This is only surmise but it is consistent with what we presently know.)

7. Whatever the case, the uncompromising Mujib, himself a graduate of 12 years in prison for refusing to come to terms with central Pakistani authorities, has refused to budge. Bhutto has tried to approach him through several third party intermediaries, and even phoned Mujib directly when the latter was in a London hospital. All these efforts failed; the Bengalee leader insists on formal recognition by Pakistan first. He also

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continues to state he will go ahead with war crimes trials; New Delhi, though it has not yet turned any Pakistani POWs over to the Bengalees, still insists that the POWs cannot be returned to Pakistan without Mujib's consent.*

8. In the period since Simla, Bhutto has seen a serious weakening of his position at home. Major rioting racked Sind province in July. Begun over a dispute as to which should be the official provincial language, the turmoil was furthered and exploited by his opponents as proof that Bhutto's star was in the descent. This, along with much bickering in his party, alleged plotting by opposition leaders (and possibly by army officers), continued labor unrest and industrial stagnation, made any easing of Pakistan's posture towards Bangladesh (or India) a risky business.

* *The legal basis for this claim is the fact that West Pakistani forces in Bengal surrendered to an alleged Indian-Bengalee joint command, though military operations were totally in Indian hands.*

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9. But Bhutto discovered an arrow or two in his quiver, which he began to use -- despite previous commitments to bilateralism. On 25 August, China vetoed Bangladesh's application for entry into the UN, citing among other charges Dacca's (and New Delhi's) failure to obey UN resolutions and the Geneva Convention with respect to return of prisoners of war. Though Peking says it did so on its own and without urgings from Islamabad, Bhutto knew about the veto in advance, strongly approved, and may well have instigated it. Continued close Chinese-Pakistani ties have been regularly and openly emphasized by Bhutto. He has also sought good relations with the US and other Western powers -- seeking, so far, economic assistance, but probably not ruling out attempts to get military aid in the future.

10. Along with this, Bhutto has clamped new restrictions on the 200,000 or so Bengalees still living in Pakistan -- and particularly the 30,000 or so trained civil servants and military men that Mujib very much wants back. These, in effect, have become Pakistan's counter-hostages against possible mistreatment of the POWs still

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in Indian hands. Both Islamabad and New Delhi have contributed to the many difficulties in demarcating the new Kashmir Line of Control. This demarcation and the mutual withdrawal to the old international frontier were supposed to have been completed, first by 4 September, then by 15 September. Both deadlines have passed and there is no sign of imminent achievement.

11. Though Bhutto alone did not bring on this new impasse (all parties have been doing some stalling and bargaining), some of it does stem from his fear of further eroding his precarious domestic position by appearing to be soft or over-conciliatory to the traditional enemy. In like manner, he has continued both to maintain and to re-equip Pakistan's large and burdensomely expensive armed forces, despite the fact that the latter could now fight only a rear guard defensive action against the Indians in another war, with poor prospects for success. No matter that Pakistan's long-term interests would be served by avoiding an arms race and by international conciliation; Bhutto's aim is survival and he is unwilling to risk his tenure for the purpose of an unpopular policy. In short,

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at least for the moment, a hard line looks politically profitable for Bhutto, a soft line disadvantageous.

After Simla: Mrs. Gandhi's Response

12. India's answers to all this have been interesting. Traditional hard lining xenophobes have responded predictably to this latest example of Pakistani "perfidy". But Mrs. Gandhi's reaction has been generally bland. The Chinese veto brought forth strong Indian denunciations of Peking, but, so far as Pakistan's role was concerned, New Delhi mostly confined itself to sorrowful regrets. Bhutto's obduracy has been more deplored than condemned. New Delhi has ordered postponement of withdrawal to the international frontier until the new Kashmir Line of Control is agreed on, but has done little else. Rather, there is some reason to believe that the Indians are seeking to get Mujib to moderate his stubborn stance; at least they are not turning any POWs over to him, or showing signs that they intend to do so any time soon. Overall, Mrs. Gandhi appears to believe that a comparatively muted stalemate is preferable to new area tensions.

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13. There are a number of reasons for India's current policy. Since acquiring promises of Soviet support against a possible Chinese military threat, and then defeating and breaking up Pakistan, India has been in the South Asian catbird seat. If it chose, it could probably crush Pakistan's armed forces and occupy the country. But such an operation would be extremely costly in every respect, and would create problems that would make Ulster's look mild. Far preferable is the present situation, wherein India not merely feels no threat from Pakistan but also holds nearly all the high cards in any ultimate negotiations with it. Beyond this, while hardly enamoured of Bhutto, the Indian government probably sees him as preferable to virtually any alternative, be it civil strife spilling over the Indian border, or a new hard nosed military regime making -- however unrealistically -- a war of revenge its ultimate aim. Bhutto after all is the democratically elected leader of Pakistan, a dedicated socialist, and has shown considerable realism (as at Simla) in trying to find a new relationship with India.

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14. But while not wishing to make life too difficult for Bhutto, the Indians must also be careful not to sacrifice unduly the interests of Bangladesh. Not surprisingly, this incredibly poor, overpopulated, and war-ravaged country is not finding that independence solves all problems. The price of rice, the principal food, has shot up dramatically; many in the new administration have proved corrupt, inept, or both. Though Mujib clearly remains the dominant figure in Bangladesh, the honeymoon is ending and he is now being openly criticized; his ruling party, the Awami League, and his ally, India, are becoming the objects of public denunciation. A reversal of his position on trying Pakistani war criminals would be an extremely unpopular move. In these circumstances the Indians are not applying much pressure on the stubborn Mujib to get him to sacrifice his stance with respect to dealing with the Pakistanis.

15. Further, India itself faces a number of domestic problems which now often take priority over regional or international ones. The country got a bad scare in July, when a monsoon failure and an ensuing major food

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crisis seemed in the offing. Subsequent heavy rains have alleviated the situation somewhat, but food production will still probably decline this year. There is enough grain in storage to prevent major disaster, but the hard pressed consumer is already paying much higher prices for food, and the entire economy will suffer from the expected shortfalls.

16. Though Mrs. Gandhi still remains very much in charge, even she is coming under fire for not fulfilling her campaign pledge to "eliminate poverty". Her populist measures and procedures have slowed the activities of India's major private entrepreneurs and helped reduce the overall rate of industrial expansion, without significantly redistributing income or raising the living standards for the many. Sniping and rivalries in her ruling Congress Party have increased noticeably. For all this, Mrs. Gandhi's position is measurably stronger than that of either Bhutto or Mujib. She could, if she chose, break the present South Asian stalemate with moves favoring one or another of her neighbors. Whether she will do so is another matter.

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17. It is conceivable that factors of inertia, the delicacy required for renewed initiatives, and the interlocking nature of the problems will combine to perpetuate the present impasse for a considerable time. But sooner or later there is likely to be some movement culminating either in a more hostile and tense situation, or in something more nearly approaching a tripartite detente. Assuming that Bhutto, the most vulnerable of the three, is not overthrown, the odds appear still to favor implementation of the Simla accords. The negotiations on the Kashmir Line of Control continue and still have a respectable chance for success. If achieved, withdrawal to the old international frontiers south of that new line would then become automatic. This in turn would generate pressures for a new summit meeting, which might be able to begin resolution of other issues.

18. Whether or not the Line of Control is agreed on, another factor may eventually lead India to do something which could break the stalemate. This is the question of the disposition of the 90,000 Pakistani POWs

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(70,000 military and 20,000 civilian) who have been in Indian hands since December 1971. Clearly they can hardly be held indefinitely. Indeed, they have become something of an embarrassment if not an outright liability to New Delhi. The Indians originally felt the POWs would be their strongest single bargaining chip in future negotiations with Islamabad. That judgment, based on the initial shock and grief that swept Pakistan when it first heard of their capture, has turned out to be wrong. The Pakistanis have adjusted quite well to the situation. They are probably grateful that the Indians and not they must feed and house this large group. With plenty of surplus manpower, Pakistan has suffered little loss of military capability as a result of these soldiers' detention.

19. New Delhi on the other hand is becoming somewhat sensitive to the charge (made by the Chinese in the UN among others) that it is violating the Geneva Convention in continuing to hold these people long after the war has ended, and is converting them into hostages for outright political blackmail. Concerned that their

continued incarceration may become an international *cause celebre* (great care has been taken to afford the POWs good treatment), yet reluctant to let them go without getting Pakistani concessions or Bengalee satisfaction in return, the Indians find themselves in a dilemma. Hanging on to them becomes increasingly difficult, morally and financially. But returning them all to Pakistan would embitter Dacca; turning even the patently guilty over to the Bengalis would set off an explosion in Islamabad.

20. Whatever it does, India's position in South Asia today is so strong that no matter what happens in its dealings with Pakistan and Bangladesh, it is in no danger of facing any kind of effective military challenge from them. Even a virulently revanchist Pakistani regime could not, for many years if ever, develop military forces realistically capable of threatening serious harm to those of India. This could change, say, were Moscow to abandon its strong support (political, military, and to some extent economic) of New Delhi. But this does not now appear in the cards. If anything, the Soviets

are increasing their backing of the Indians both in furthering trade and economic relations, and in continuing military aid programs.

21. India's position would also erode were it to suffer major serious domestic troubles as a result of weakening of its economy or its political system. Its domestic problems are many and potentially grave: massive poverty, overpopulation, archaic traditions, regional and linguistic rivalries, a potential for political immobilism, vulnerability to famine and economic stagnation, among others. The loss of some US financial aid and the prospect for declines in overall Western net aid levels do not make the economic picture any brighter. Even so, the South Asian giant continues to show considerable resilience; for all its many undoubted troubles, it is likely to muddle along for some time. Indeed, at least in the next few years, many of the above cited difficulties will probably be seen in more serious form in either Pakistan or Bangladesh than in India. To some extent this very Indian primacy has probably muted the martial overtones seen in previous Indo-Pakistani disputes.

22. But this does not mean that Pakistan will inevitably recognize India's primacy and adjust its foreign and military policies accordingly -- though it may indeed do so. As Bhutto has seen, there is still a very considerable degree of irredentism and anti-Indian sentiment in Pakistan, perhaps enough to block any accommodation which could be labeled a surrender, say on such an emotionally charged issue as Kashmir. Bhutto may calculate that Mrs. Gandhi would be very reluctant to initiate a war with Pakistan in order to impose her will. This could be the case even though the disparity in strength between the antagonists became fully apparent to the leaders of each side.

23. Even with these many problems and obstacles, there is still hope that further developments will bring on an easing of the situation. The flexibility or inflexibility of Mrs. Gandhi, Bhutto, and Mujib in their dealings with each other over the next year or so cannot be forecast with confidence as yet. A continued cold war between India and Bangladesh on one side, and Pakistan on the other, is conceivable. So too is a

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lessening of tensions. The factors leading to one or the other outcome -- or something in between -- are too many and varied to permit confident predictions. It would be in the rational self-interest of all concerned to find ways to peace and mutual cooperation. But rational self-interest in the subcontinent has often been sacrificed before in the name of communal antagonism, territorial disputes, and memories of past injustices.

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